

CALL NO.
CA20N
XL 11
-1993
C139A

GOVT

Government
Publications

ONTARIO'S TRANSPORTATION LINKS
WITH THE UNITED STATES:
IMPORTANCE AND ISSUES *

Current Issue Paper #139



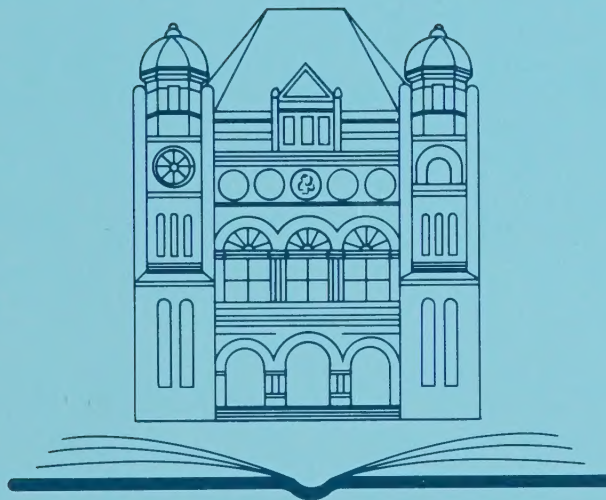
**ONTARIO LEGISLATIVE LIBRARY
BIBLIOTHÈQUE DE L'ASSEMBLÉE
LÉGISLATIVE DE L'ONTARIO**

CA20N
XL11
-1993
C139A

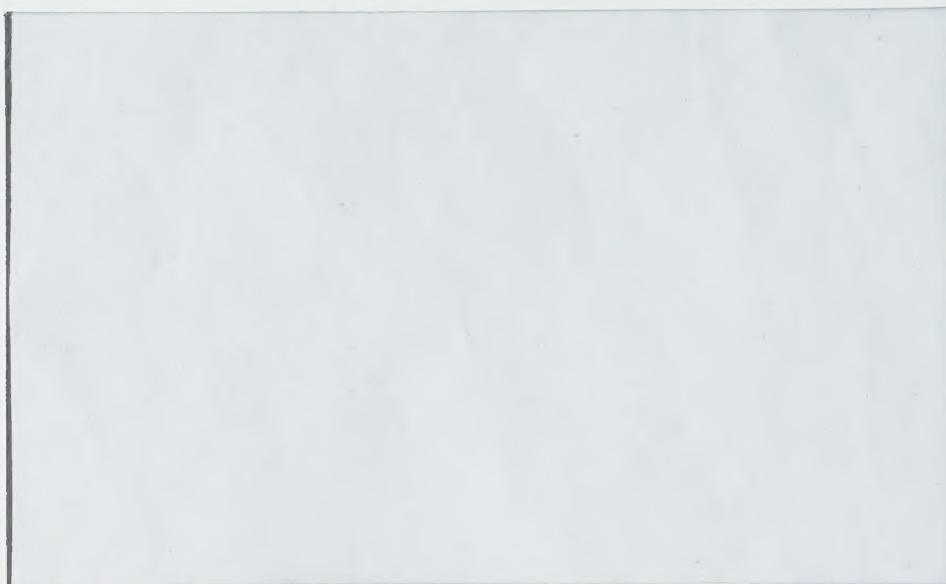
Government
Publications

ONTARIO'S TRANSPORTATION LINKS
WITH THE UNITED STATES:
IMPORTANCE AND ISSUES *

Current Issue Paper #139



**ONTARIO LEGISLATIVE LIBRARY
BIBLIOTHÈQUE DE L'ASSEMBLÉE
LÉGISLATIVE DE L'ONTARIO**



3

Government
Publications

Ontario
Legislative
Library



Bibliothèque de
l'Assemblée législative
de l'Ontario

Legislative Research Service
Room 2520, Whitney Block
99 Wellesley Street West
Toronto, Ontario M7A 1A9

Service de recherches
Bureau 2520, édifice Whitney
99, rue Wellesley ouest
Toronto (Ontario) M7A 1A9

(416) 325-3675
(416) 325-3637
(416) 325-3696 Fax

(416) 325-3675
(416) 325-3637
téléc. : (416) 325-3696

ISSN 0835-0299

**ONTARIO'S TRANSPORTATION LINKS
WITH THE UNITED STATES:
IMPORTANCE AND ISSUES ***

Current Issue Paper #139

Prepared by:

Jerry Richmond
Research Officer
Legislative Research Service


Originally Prepared May 1993
Revised May 1996

*The Legislative Research Service is a branch of the Ontario Legislative Library which provides confidential non-partisan research analysis to Members of all parties of the Legislative Assembly and to legislative committees.



CONTENTS

INTRODUCTION	1
TRAFFIC AND TRADE WITH THE UNITED STATES	1
Canadian-American Trade and its Transportation	1
Canadian-American Travel	3
BORDER TRAFFIC BY MODE	4
Motor Vehicles	4
The Trucking Industry	9
The Motor Coach Industry	9
Impact on Local Communities	10
Air Transport	11
“Open Skies Agreement”	11
Improvements to Airports	12
Railways	13
Increasing Ties with United States	14
Recent Developments in the Rail Industry	15
Future of East-West Rail Links and Northern Ontario	16
Marine Traffic on the Great Lakes	17
CROSS-BORDER TRAFFIC POLICY ISSUES	18
Different Canadian-American Regulatory Standards for Commercial Vehicles	18
Congestion and Capacity of Border Crossings	19
Cross-Border Shopping	20
Sunday Shopping and Casinos	21
Promoting Tourism	22
CONCLUSION	22
NOTES	24



Digitized by the Internet Archive
in 2022 with funding from
University of Toronto

<https://archive.org/details/31761115500654>

INTRODUCTION

The boundary between Canada and the United States is often described as the world's longest undefended border. In Ontario, at least, this may also be one of the world's most travelled borders. An enormous volume of people and goods flow by road, rail, air and water between Ontario and neighbouring American states. This paper highlights the key patterns of this traffic, shows the crucial importance of these cross-border transportation links to the Ontario economy and surveys associated policy issues such as regulation.

The motor vehicle is the dominant means of personal and commercial transport between the two countries and during 1994 an estimated 48.09 million vehicles crossed between Ontario and the United States, a figure which translates into an average two-way total border crossing traffic in excess of 131,700 vehicles per day at 14 crossings.¹

The Ontario government plays a central role in the planning, construction and maintenance of the provincial highway system and in the regulation of private and commercial motor vehicles operating within the province. The proximity and importance of the American market also means that Canadian transportation companies and regulators have to be aware of developments south of the border. In addition, Ontario government policies, such as permitting Sunday shopping and casino gambling, have implications for cross-border traffic.

TRAFFIC AND TRADE WITH THE UNITED STATES

Canadian-American Trade and its Transportation

The United States and Canada are each other's largest trading partners and have been described as the largest trading partners in the world.² For 1994, of total Canadian merchandise trade exports of \$219.38 billion[†], almost 82% (\$179.5 billion), were shipped to the United States; of Canadian merchandise imports of \$202.27 billion, 75% (\$151.16 billion) were obtained from the United States. The relative significance of commercial ties with the United States has increased in recent years; in 1991 these shares of exports to, and imports from, the United States were 75% and 69% respectively.³

American trade figures for 1993 show that its exports to Canada, valued at US\$100.17 billion, constituted 21.5% of all U.S. exports, and that Canada was its single largest export market, greatly exceeding American exports to Japan and Germany (US\$47.9 billion and US\$41.6 billion, respectively). American

[†]This and all subsequent dollar figures are Canadian unless otherwise noted.

imports from Canada in 1993, valued at US\$110.9 billion, constituted 19.1% of imports and exceeded Japanese imports of US\$107.2 billion.⁴

The United States is also Ontario's leading trading partner. In 1993, 89.2% of Ontario's international merchandise exports went to the United States (\$84.8 billion out of total worldwide Ontario exports of \$95.03 billion). For 1993, vehicles and parts (including railway/tramway rolling stock) were the leading Ontario export commodity to the United States, and at \$39.7 billion, made up 47% of exports to the United States by value. The leading states for Ontario's American exports were Michigan (\$35.3 billion); New York State (\$12.7 billion); California (\$4.4 billion); Ohio (\$4.3 billion); Illinois (\$2.8 billion); and Pennsylvania (\$2.0 billion).⁵ These five states accounted for 67% of Ontario's American exports.

In 1993, 76% of Ontario's total international merchandise imports (\$81.1 billion of total imports of \$106.7 billion) came from the U.S. The province's leading import commodity consisted of vehicles and parts (including railway/tramway rolling stock), with a value of \$21.6 billion, or 26.3% of total American imports. The leading states for Ontario's American imports, by value, in 1993 were: Michigan (\$20.3 billion), Ohio (\$7.9 billion), New York State (\$6.2 billion), Illinois (\$4.7 billion), California (\$4.2 billion), and Pennsylvania (\$3.3 billion).⁶ These five states accounted for 47% of Ontario's American imports.

Given the scale of this trade, and its importance to the Canadian as well as American economies, swift and effective means of transportation is a vital issue. How is this massive trade moved between the two countries? The following table shows that trucking is the major mode of cross-border transport. Rail and marine transport play significant roles in the transport of bulk commodities and rail is increasing its movement of container, piggy-back truck trailers, intermodal and other specialized freight. Air serves the more rapid transport of high-value goods and commodities between the two nations.

TABLE 1

**Canada's Trade with the U.S. for 1993
Broken Down by Mode of Transport
(Value of trade by mode in \$ billions)**

	Exports	Imports
Truck	86.8	93.1
Rail	36.7	9.7
Air	6.8	8.6
Marine	4.4	1.9
Other (i.e. pipelines and powerlines)*	15.9	0.3
Total	150.6	113.6

*These modes of transport are not discussed further in this report.

Source: Canada, National Transportation Agency of Canada, Annual Review 1993, Transportation Trends and Developments: An Economic Perspective, p. 157.

Canadian-American Travel

The vast majority of international travellers entering Canada are Americans: in 1994, of 38.6 million international visitors to Canada, 34.8 million or 90% were from the United States.⁷ Of these American visitors, 29.3 million (76%) travelled by automobile; the next largest group of 2.6 million (6.7%) travelled by air.

Tourism expenditures of Americans in Canada amounted to some \$4.7 billion in 1993 and were the largest component of Canada's international travel market.⁸ New York State and Michigan lead all other states in the number of American visitors to Canada. This has a large impact on attendance and revenues of tourism-related attractions and businesses in adjacent Ontario communities. Almost half of spending by American tourists in Canada is in Ontario.

In 1993, 6.53 million American residents, or 49% of the total number of American visitors to Canada for one or more nights, visited Ontario. Of these, 4.86 million (74%) entered Ontario by car; 1.07 million (16%) by plane; and 326,000 (almost 5%) entered Ontario by bus.⁹ Canada and Ontario also receive numerous non-American international visitors who enter by way of the United States.

Ontario is also the main destination of American business travellers, and Toronto is the most visited city; in 1993, Americans made 664,000 business trips to this city.¹⁰ Michigan, New York State, Ohio, Illinois and Pennsylvania are major origins of American business travellers. Business travellers come to Canada year round, unlike vacationers, who prefer the summer.

Travel by Canadians to the United States is also important to their economy. According to 1994 projected American international tourism figures, Canadians constituted the largest group of arrivals by nationality: 17.08 million, or 35% of 47.9 million international arrivals were Canadians.¹¹ This is a decline from 19.1 million in 1991. The lower value of the Canadian dollar relative to the American currency and other economic factors have caused a decline in short-term Canadian cross-border shopping trips.

Canadians travel more often to the United States than to any other country. During 1993, Canadians made a total of 66.7 million visits to the United States. Of this total, 49.4 million, or almost 74% of these trips were on the same day. Ontario's portion was 22.88 million of the 49.4 million same day trips to the U.S. New York State and Michigan were the major destinations for these short-term trips. Figures for 1993 also indicate that Ontarians made 8 million person trips of one or more night's duration to the United States and that residents of this province account for 46% of all overnight person-trips by Canadians to the United States.¹²

As well as being important points of access for tourists between the two countries, several of the border waterway areas are major tourist destinations in their own right. The Niagara River with its world-famous Falls and other attractions is a popular tourist centre, as is the Thousand Islands area of the St. Lawrence River. In northwestern Ontario, the Ontario-Minnesota waterways support recreational activities and tourism. Windsor, with its casino operation, has become an important tourist destination for American gaming patrons, who are mainly from Michigan.

Given the scale and value of this travel, the efficient organization of transportation is crucial. How do these huge numbers of people travel between Canada and the U.S.?

BORDER TRAFFIC BY MODE

Motor Vehicles

The border crossings along the Detroit, Niagara and St. Clair rivers are the busiest in Ontario, and some of the most active along the entire Canada-United States border (see Table 2). In 1993, the Ambassador Bridge (which spans the Detroit River between Windsor and Detroit), overtook the Peace Bridge (which spans the Niagara River between Fort Erie and Buffalo), as the busiest single border crossing with the United States.¹³

For 1994, total inbound traffic entering Ontario at the 14 crossings totalled 24.04 million vehicles (20.9 million automobiles, almost 3 million trucks and over 93,000 buses). The Ambassador Bridge accounted for 4.6 million vehicles (with over 1 million of these being trucks), making this the busiest commercial crossing. The combined bridge and tunnel traffic between Windsor and Detroit exceeds 8.3 million vehicles entering Ontario, including 1.2 million trucks. Inbound traffic on the Peace Bridge totalled 3.8 million vehicles, including .54 million trucks. The Rainbow Bridge, reflecting the tourism attraction of nearby Niagara Falls carried the greatest number of buses among Ontario's border crossings; almost 27,600 inbound in 1994.

Ontario has seven roadway crossing links with New York, four with Michigan, and three with Minnesota. Total annual inbound one-way traffic for 1994 was 24.04 million vehicles: traffic from Michigan was 12.59 million vehicles (52.4%), traffic from New York State was 10.54 million vehicles (43.8%), and traffic from Minnesota was .909 million vehicles (3.4%). These crossings link up major highways such as Highways 401 and the Queen Elizabeth Way, the Trans-Canada Highways 11 and 17 in northern Ontario and the Interstate Highway network in the United States. Ontario/United States highway trade was valued at \$131.3 billion for 1993: \$70.9 billion (54%) passed through the Ontario/Michigan gateway; \$50.7 billion (39%) passed through the Ontario/New York State gateway; and \$9.7 billion (7%) passed through the Ontario/Minnesota gateway.¹⁴

TABLE 2

**Name, Location and U.S. Traffic into
Ontario 1994 for 14 Border Crossings**

State, River Crossed and Bridge or Tunnel	Locations Linked	1991/92 Ontario Inbound Traffic
<i>Ontario-New York</i>		
St. Lawrence River		
Seaway Bridge	Cornwall, Ont.-Massena, N.Y.	1,025,548 vehicles: 985,032 autos; 36,584 commercial vehicles; 3,932 buses
Ogdensburg-Prescott Bridge	Prescott, Ont.- Ogdensburg, N.Y.	266,253 vehicles: 246,535 autos; 19,356 commercial vehicles; and 362 buses
Thousand Islands Bridge	Ivy Lea, Ont.-Collins Landing, N.Y.	799,870 vehicles: 633,015 autos; 165,110 commercial vehicles; and 1,745 buses
Niagara River		
Lewiston-Queenston Bridge	Queenston, Ont.- Lewiston, N.Y.	2,135,666 vehicles: 1,768,369 autos; 357,103 commercial vehicles; and 10,194 buses
Whirlpool Rapids Bridge (Note: motor vehicle traffic reduced during 1994 due to construction; this bridge also has an upper railway deck)	Niagara Falls, Ont. & N.Y.	776,025 vehicles: 765,104 autos; 9,468 commercial vehicles; and 1,453 buses
Rainbow Bridge	Niagara Falls, Ont. & N.Y.	1,732,261 vehicles: 1,703,374 autos; 1,305 commercial vehicles; and 27,582 buses
Peace Bridge	Fort Erie, Ont.-Buffalo, N.Y.	3,807,693 vehicles: 3,243,586 autos; 549,347 commercial vehicles; and 14,760 buses

<i>Ontario-Michigan</i>		
Detroit River Ambassador Bridge	Windsor, Ont.-Detroit, Mich.	4,627,333 vehicles: 3,534,422 autos; 1,083,994 commercial vehicles; and 8,917 buses
Detroit-Windsor Tunnel	Windsor, Ont.-Detroit, Mich.	3,693,124 vehicles: 3,533,883 autos; 147,562 commercial vehicles; and 11,679 buses
St. Clair River Blue Water Bridge (Note: second span under construction; existing bridge to be refurbished and widened; completion scheduled for 1997)	Point Edward, Ont.- Port Huron, Mich. (Note: Point Edward is a village separate from but surrounded by the City of Sarnia)	2,555,107 vehicles: 2,034,101 autos; 517,097 commercial vehicles; and 3,909 buses
St. Marys River Sault Ste. Marie Bridge	Sault Ste. Marie, Ont. & Mich.	1,716,325 vehicles: 1,656,766 autos; 54,047 commercial vehicles; and 5,512 buses
<i>Ontario-Minnesota</i>		
Pigeon River Pigeon River Bridge (Note: this bridge is toll- free)	Ontario-Minnesota on Hwy. 61	241,541 vehicles: 219,921 autos; 19,761 commercial vehicles; and 1,869 buses
Rainy River Fort Frances- International Falls Bridge (Note: this bridge also carries a railway)	Fort Frances, Ont.- International Falls, Minn.	490,156 vehicles: 463,662 autos; 26,157 commercial vehicles; and 337 buses
Baudette-Rainy River Bridge (Note: this bridge is toll- free)	Rainy River, Ont.- Baudette, Minn.	177,401 vehicles: 172,155 autos; 4,456 commercial vehicles; and 790 buses

Note: The above crossings are listed from east to west.

Source: Descriptive information on border crossings and traffic figures were obtained from Transport Canada, Highway Policy and Program Branch, Ottawa, April 1995.

Table 3 contains current information on the four international ferry services that operate between Ontario and points in the United States. Although the 271,523 inbound vehicles carried on these services for 1994 is small compared with traffic on the fixed border crossings, these ships serve local needs and communities, supplement fixed crossings and contribute to local tourist traffic. Three of the four ferry services are privately owned and operated. The publicly operated service is run by the Ontario Northland Transportation Commission which is owned and subsidized by the Ontario Ministry of Transportation.¹⁵ It operates two vessels which travel between Kingsville and Pelee Island and Leamington and Pelee Island (both within Ontario) and between Pelee Island and Sandusky, Ohio. The M.V. Jiimaan entered service in the spring of 1994. It has a capacity of 400 passengers, up to 55 cars and can accomodate buses, tractor-trailers and farm equipment.

Table 3
Name, Location and Traffic into Ontario 1994
for 4 Ferry Services

State, River Crossed	Locations Linked	1994 Ontario Inbound Traffic
Ontario-New York St. Lawrence R.	Wolfe Island, Ont.-Cape Vincent, N.Y. ferry service (privately operated seasonal service south of Wolfe Island)	14,579 vehicles: 14,569 autos and 10 buses
Ontario-Ohio Lake Erie (via Pelee Island) (Note: international portion of this service operated from June through September)	2 boats serve Leamington and Kingsville, Ont.-Pelee Island, Ont.-Sandusky, Ohio (operated by the Pelee Island Transportation Co. for the Ontario Ministry of Transportation); in 1994 a new boat the M.V. Jiimaan was placed in service	2,891 vehicles: includes 1 truck (inbound from the United States at Leamington) (Note: supplementary Ministry of Transportation figures for the 1994 season indicate that the Sandusky to Pelee Island segment of this ferry service carried 10,524 passengers, a large number of walk-on American passengers, and 2,377 vehicles)
Ontario-Michigan St. Clair River	Walpole Island, Ont.-Algonac, Mich. (privately operated, near where the St. Clair River enters Lake St. Clair)	53,743 automobiles
St. Clair River (Note: these St. Clair R. ferry services are operated year-round with ice-breaking assistance during winter)	Marine City, Mich.-Sombra, Ont. (privately operated, 30 km. south of the Blue Water Bridge)	63,843 vehicles: 59,133 cars, 4,703 commercial vehicles, and 7 buses

Note: The above ferry services are recorded east to west.

Sources: Descriptive information on the various ferry services provided by Passenger Modal Policy Office, Ministry of Transportation; inbound 1994 traffic figures obtained from Highway Policy and Program Branch, Transport Canada, Ottawa.

The Trucking Industry

Carrying approximately one-half of total tonnage but accounting for more than three-quarters of the total value of trade, trucking is the "dominant mode of transportation in moving merchandise trade between Ontario and the U.S."¹⁶ Major northeastern states and markets are all within a day's truck drive of Ontario and trucking by value hauls some 75% of Ontario's exports to the United States and 83% of American imports into Ontario.¹⁷ Ontario-Michigan traffic dominates transborder truck traffic and motor vehicle exports and auto part imports are the largest commodity groups carried.¹⁸

International business is recognized as a growing component of Ontario's trucking industry and is estimated to constitute approximately 28% of revenues.¹⁹ It is estimated that Ontario motor carriers "now carry 80% of Ontario-U.S. trade."²⁰ The recent growth of Canadian exports to the United States coupled with the lower value of the Canadian dollar has contributed to the improved profitability of the Canadian and Ontario trucking industries and also caused truck manufacturers, such as Navistar International Corporation of Chatham, to expand their production of heavy trucks.²¹ There is a waiting list for new equipment and a shortage of at least 1,500 truck drivers in Ontario.²²

During recent years the trucking industry has had to adjust to deregulation, reduced shipments due to the recession, and competition from new domestic and American-based carriers. There has been substantial restructuring and contraction within the trucking industry. Only by 1994 did the larger trucking companies return to profitability and experience their best financial results in five years.²³

In order to stabilize Ontario's trucking industry during the difficult economic times of the recession, a two-year moratorium was placed upon issuing new intra-provincial truck operating authorities by the Ontario government. This provision is contained in Bill 129, Truck Transportation Amendment Act, 1991 and was in effect from April 25, 1991 to April 25, 1993.

The Motor Coach Industry²⁴

It is estimated that there are some 1,500 highway buses licensed in Ontario. Some 40% of the industry is involved in scheduled bus services, the remainder in charters and tours. The United States is a very important destination for Ontario tour bus operators: several Ontario-based scheduled operators also have the authority to deliver to terminals at American border points such as Buffalo and Detroit. Greyhound Lines of Canada and Trentway-Wagar also provide scheduled bus service, on a pooled basis with American carriers, via Buffalo to New York City.²⁵ The Rainbow Bridge (27,600 buses inbound) followed by the Peace Bridge (14,800 buses inbound) have the two highest bus crossing traffic volumes. The combined bridge and tunnel across the Detroit River (almost 20,600 buses inbound) also carry significant bus traffic (see Table 2).

Entry into the Ontario motor coach industry (for transportation within Ontario), is regulated under the provisions of the Public Vehicles Act. Following a hearing, the Ontario Highway Transport Board (OHTB) makes a recommendation to the Minister of Transportation. The Ministry of Transportation has indicated that it intends to deregulate the motor coach industry and that the Ontario Highway Transport Board will not be funded past March 31, 1996.²⁶ With the introduction of the *Ontario Highway Transport Board and Public Vehicle Amendment Act, 1996* on April 4, the government outlined measures for the transition to full deregulation of the intercity bus industry in Ontario by January 1, 1998. The interim regulatory measures will be financed by the bus industry and a smaller OHTB will continue to operate during the transition period.²⁷

The Ontario industry sees its ability to compete with larger and more cost effective American operators as an overriding issue. Special charges such as franchise taxes, imposed by some American states and additional bus charges by various American cities such as Chicago and New Orleans, continue to be matters of concern to Ontario bus operators.²⁸

Impact on Local Communities

Traffic links can have crucial importance for the economies of border communities. The Ontario Ministry of Transportation has completed a long-range planning study — *Transfocus 2021* — for the Niagara-Lake Erie Area. It argues that this area, with its four roadway bridges and three railway crossings to New York State, forms a strategic bridge between the Greater Toronto Area and the United States. It also recognizes that international trade is a major economic generator in cross-border gateway centres such as Niagara Falls or Fort Erie and that tourism is a key industry in the area, with Niagara Falls being a major attraction.²⁹

The *Transfocus* report makes various recommendations with implications for cross-border traffic: the continued improvement and widening of the Queen Elizabeth Way; improvement and widening of other highways from St. Catharines to Fort Erie to relieve the QEW; shifting longer distance truck movements from highways to rail; improvements to Via Rail services throughout the study area; improvements in processing time and capacity for international traffic at border bridges and improvements to bridge plaza and customs facilities at the Rainbow and Peace Bridges; improved access from the Whirlpool Bridge to the existing provincial highway network; and additional capacity at the Peace (widening from three to six lanes) and Whirlpool Bridges (possible paving of the upper deck).

The Ministry of Transportation is also in the midst of preparing the strategic study Southwestern Ontario Transportation Perspective, scheduled for

completion during 1996 which will analyze future traffic at the border gateway crossings at Windsor and Sarnia to Michigan.

Air Transport

For 1993, out of total Canadian airline traffic of 61.3 million passengers, 13.6 million passengers travelled between Canada and the United States, an increase of 3.6% over the previous year.³⁰ This cross-border air traffic is recognized as the largest bi-lateral air traffic market in the world.³¹ Most, 9.2 million passengers or 68% of the total, was on scheduled air services, but charter operations also serve key American tourist destinations such as Florida, Nevada and Hawaii. Figures for 1993 indicate that Canadian air carriers flew 29% of passengers in transborder scheduled flights, down from 35% in 1989.³² In 1991, 66.6 million kilograms of transborder cargo was carried by scheduled Canadian carriers and 19.9 million kilograms by Canadian charter operators.³³

Ontario accounts for almost half of total cross-border air passengers. Pearson International Airport, the nation's busiest, handled 19.2 million passengers in 1993, of which cross-border traffic accounted for 6.3 million, or almost 33%.³⁴ This airport accounts for some 56,000 jobs and \$1.9 billion in income within the Greater Toronto area and has been touted as an "air gateway to North America."³⁵ It is also being promoted as a gateway to Europe for manufacturers in Rochester, New York.³⁶ Other airports in Ontario with significant volumes of cross-border traffic (1993 figures) include: Ottawa with 292,000, London with 68,100 and Thunder Bay with 18,400 cross-border passengers.³⁷

Toronto accounts for just under half of all scheduled transborder passengers between the two countries. By air traffic volume, the leading Canada-U.S. "city pair" is Toronto-New York with more than 0.72 million air passengers in 1991. Toronto is also among the top ten "city pairs" for cross-border traffic with the following six American cities: Chicago, Los Angeles, Boston, Miami, Tampa/St. Petersburg, and San Francisco.

"Open Skies Agreement"

In February 1995, Canada and the United States concluded a new Air Transport Agreement, which is commonly known as the "Open Skies Agreement."³⁸ Air carriers in both countries will have unlimited air route rights for passenger or cargo service between points in the two countries. It has been estimated that this agreement will generate \$15 billion in economic activity.³⁹

New services by American passenger carriers will be phased in over three years (one year for new American all-cargo services) at Toronto's Pearson International Airport. Canadian carriers will be granted a specified number of new slots at New York's La Guardia Airport and Chicago's O'Hare Airport

(inspection limitations restrict the award of new slots at Washington National Airport). Charter operators will continue operate from any points between the two countries. However, this new agreement will continue to prohibit "cabotage", or "the carriage of local traffic between points in one country by airlines of the other country."⁴⁰

Additional air passenger and cargo links will be established. Initially there will be new scheduled services offered with associated promotional fares. Air Canada, for example, has announced plans to serve Washington, Phoenix, Kansas City, Orlando, Reno, Las Vegas, Philadelphia, Houston and New Orleans. They will also add a dozen aircraft to cross-border service in 1995 and create 600 jobs over 18 months.⁴¹ In late June 1995, Air Canada announced additional flights to the United States in conjunction with Continental Airlines.⁴² Canadian Airlines International has also announced a plan to extend or expand service to New York, Chicago, Miami and other U.S. destinations in association with American Airlines.⁴³ Both Canadian and American airlines are planning expanded shuttle flights from Toronto to New York and Chicago.⁴⁴

Ten U.S. airlines have been granted the authority to fly 17 new routes between Toronto, Montreal and Vancouver and twelve American cities.⁴⁵ New flights have been authorized between Toronto and Atlanta, Houston, Milwaukee and Pittsburgh. New flights by American carriers have also been announced between Ottawa and Chicago and Detroit. Various American airlines are also considering establishing new services out of Hamilton Airport.⁴⁶

Improvements to Airports

Changes are in the offing with respect to the management of airports that were formerly owned and operated by Transport Canada; these airports are in the process of being leased to Canadian airport authorities to make them more commercially viable.⁴⁷ Major Ontario airports that will be transferred to such authorities include Pearson and Ottawa, with the transfer scheduled for completion in mid 1996. Others under consideration for transfer include Thunder Bay, Windsor and London. By raising money from the private sector, the airport authority for Pearson hopes to spend more than \$500 million for improvements over the next 10 years.⁴⁸

Improvements and expansions are already underway or planned at various Ontario airports in order to facilitate the smooth processing and handling of all flights, including those to or from American destinations.⁴⁹ At Pearson, the fourth runway is scheduled for completion in late 1996, with plans for two more. Plans are also being prepared for the upgrading of Terminals 1 and 2. Nonetheless, Air Canada officials have expressed concerns about delays in improvements to Terminal 2 and the possibility that Toronto is falling behind American cities as an attractive business destination for airline travellers.⁵⁰

Procedures are being put in place to expedite customs and immigration procedures for airline passengers. Terminal 3 at Pearson International Airport, for example, has a "smart card" system to process frequent travellers.⁵¹ At Ottawa Airport, U.S. customs pre-clearance for cross-border flights is being considered.

Railways

There are a total of eight rail line crossings between Ontario and the United States: two bridges in northwestern Ontario, a bridge at Sault Ste. Marie, a new railway tunnel between Sarnia and Port Huron, a recently expanded tunnel between Windsor and Detroit, and three bridges over the Niagara River.⁵²

In 1993, Canada's two national railway companies — Canadian National and Canadian Pacific — carried 11.7 million tonnes of cargo northbound into Canada from the United States and 40.1 tonnes of cargo southbound. Rail shipments to the United States accounted for 28% of total tonnage transported. Total freight traffic carried by the two national railways totalled 183.2 million tonnes (excluding 4.0 million tonnes of traffic carried by these railways within the United States).⁵³ These Canada-United States rail transportation figures for the two national railways do not include shipments by the Algoma Central Railway to and from the United States across its international bridge at Sault Ste. Marie.

For 1993, 10.24 million tonnes of rail freight originating in Ontario was shipped by the two national railways to the United States. In addition, 4.19 million tonnes of rail freight originating in the United States was transported by these two railways into Ontario.⁵⁴ Ontario accounted for 25% of southbound rail tonnage and was the destination for 35% of northbound rail shipments by Canada's two major railways. Key Ontario rail gateways are Windsor-Detroit, Sarnia-Port Huron and Fort Frances, the latter primarily serves the southerly movement of lumber, potash, sulphur and wood pulp.⁵⁵

Major southbound commodities shipped by rail from Ontario included newsprint, wood pulp, sulphuric acid, refined gases and motor vehicles.⁵⁶ Major northbound commodities included motor vehicle components and assemblies, plastic materials, sand and clay. Rail transportation is also critical to agriculture. A 1995 study found that "approximately 970,000 tonnes of Ontario grain are shipped by rail annually — 170,000 to destinations within Canada and 800,000 tonnes to destinations in the U.S. This amounts to one-sixth of all Ontario grain delivered to elevators or directly to processing plants."⁵⁷ Rail is also used to transport Ontario corn to North Carolina hog producers.⁵⁸

Increasing Ties with United States

In recent years, Canadian National, Canadian Pacific and regional Ontario-based railways such as the Algoma Central Railway have strengthened their links with American railroads and trucking carriers.⁵⁹ In cooperation with Amtrak, Via Rail operates two international passenger trains out of Toronto: one to New York City via Niagara Falls and the other to Chicago via Sarnia. For 1994, total cross-border traffic on these two trains totalled 94,497 passengers, with 35,883 on the New York service and 58,614 on the Chicago service.⁶⁰ Via Rail also attracts a significant number of Americans on its passenger train service from Windsor to Toronto where many of them board Via's western transcontinental service.

In 1992, Canadian National integrated its "Canadian railway operations and marketing with those of the Grand Trunk Corporation, its Detroit-based U.S. subsidiary" and thereby created CN North America.⁶¹ The American operations provide rail links to Detroit, Toledo, Cincinnati and Chicago. CN also owns the Duluth, Winnipeg and Pacific Railway Company that provides a rail link to Duluth. The 1994 CN *Annual Report* indicates that 37% of traffic on these lines is made up of north-south traffic and American domestic traffic. For 1994, their U.S. rail operating revenues amounted to \$536 million, compared to Canadian rail operating revenues of \$3,703 million.⁶²

Canadian Pacific owns and operates railway companies (Soo Line Corporation and the Delaware and Hudson Railway Company) in the United States which provide links to the midwest and northeast. Major American cities served include Milwaukee, Minneapolis, Chicago, Kansas City, Buffalo, New York/Newark, Philadelphia, Baltimore and Washington which reach a "total population base of more than 150 million people."⁶³ Figures for 1993 indicate that, out of total revenues of \$3.4 billion, CP Rail earned 60% of its revenue within Canada, 24% from Canada-United States traffic, and the remaining 16% of its revenues within the United States.⁶⁴

Both national Canadian railways have also established expanded commercial arrangements with American railroads, trucking firms and intermodal marketing agents to facilitate more efficient continental service and accommodate intermodal traffic between ships, railways and trucks.⁶⁵ CN, for example, has concluded a partnership agreement with J.B. Hunt Transport, a major American trucking line, to haul its trailers between Chicago and Toronto/Montreal.⁶⁶ It is also expanding its intermodal terminal in Brampton, Ontario. CP has completed an intermodal yard in Agincourt and built an advanced intermodal facility in Vaughan on the fringe of Metropolitan Toronto.⁶⁷

Another component showing the importance of rail ties between Ontario and the United States is the routing of "bridge" trains by American railroads over lines in Ontario from Detroit to Niagara Falls or Buffalo to carry freight

between points in the United States. For example, the American rail firm "CSX operates three bridge trains across the study area [i.e., southwestern Ontario] in each direction each week."⁶⁸ Norfolk Southern also operates daily bridge trains through Ontario each way between Windsor and Buffalo. Canadian National may attempt to attract such bridge traffic through its new Sarnia tunnel route.⁶⁹ It has been estimated that these American bridge "services carry approximately 500,000 tonnes of U.S. to U.S. traffic annually."⁷⁰

Recent Developments in the Rail Industry

In early April 1995, Canadian National completed a new \$200 million tunnel under the St. Clair River linking Sarnia to Port Huron, Michigan. This tunnel can accommodate double-stack intermodal rail container cars and tri-level auto carriers. It provides a direct and more efficient rail route on Canadian National trackage from Halifax through Montreal and Toronto to the major American rail hub of Chicago. Prior to the opening of this tunnel, oversize rail cars had to be transported by barge across the St. Clair River, which involved an average shunting and transfer time of 12 hours.⁷¹ The new tunnel replaced both this barge service and an old smaller-diameter rail tunnel. The tunnel will allow delivery of ship containers originating in Halifax to arrive in Chicago three days later. The daily number of trains crossing the border at this point will increase from 16 to 24.⁷²

In the spring of 1994, Canadian Pacific completed a \$27.5 million expansion of the Detroit River Tunnel between Windsor and Detroit. This tunnel, which is jointly owned with Canadian National, will now accommodate double-stack container cars, piggy-back cars, and auto carriers and will allow CP to improve service along the Montreal-Chicago corridor.⁷³ A previous ferry barge service and bridge transfer of piggy-back trailers was discontinued.⁷⁴

A 1995 study on rail rationalization in rural southwestern Ontario, prepared for the Ontario Ministries of Transportation and Agriculture, recognized that because of these improvements

rail access from Southwestern Ontario to the U.S. will have improved dramatically from a few years ago. Rapid under-river freight train transit that includes double-stacked containers will be available at both Windsor and Sarnia. U.S. to U.S. transport via Ontario [e.g. Buffalo to Detroit route] will be quicker.

The competitiveness of rail intermodal versus direct truck is expected to improve.⁷⁵

Overall consolidation continues within the industry. On November 16, 1995, the sale of Canadian National for \$2.2 billion (at \$27 a share) was completed. On November 20, 1995, Canadian Pacific announced the move of its railway headquarters from Montreal to Calgary.⁷⁶ Both railways are continuing to downsize their workforces and still face overcapacity in their operations in Eastern Canada, including Ontario.⁷⁷ In January 1996, CN announced the expansion of its railway maintenance workforce at the MacMillan Yard, north of Toronto, which reflects Toronto's status as the operational hub of the rail industry in Eastern Canada. This move, however, was accompanied by workforce reductions and layoffs in Montreal and Moncton.⁷⁸

Future of East-West Rail Links and Northern Ontario

The increased emphasis on railway linkages with the United States has raised concerns about the possible diversion of freight away from Northern Ontario and the future viability of the two east-west transcontinental rail links which operate north of Lake Superior.⁷⁹ The privatization of Canadian National has also aroused specific concerns that "CN lines around the north of Lake Superior are likely to be abandoned in favour of the route through Chicago, since the privatized company will no longer be obliged to run on Canadian soil."⁸⁰

A July 1994 study, commissioned by the Ontario Ministry of Northern Development and Mines, assessed the possible impacts of the consolidation or abandonment of rail lines upon communities in Northern Ontario.⁸¹ The Canadian National northern Ontario mainline passes through Capreol, Longlac, Armstrong and Sioux Lookout and the more southerly Canadian Pacific line runs from Sudbury through Franz, Nipigon, and Thunder Bay en route to Winnipeg. The study notes that "a shift in trade patterns from east-west to north-south, and railway deregulation and restructuring (particularly in the U.S.) increased the pressure to evaluate the continued operation of two national main lines across the [Northern Ontario land] bridge."⁸² However, since total abandonment "is not the most realistic scenario for north of Superior railway rationalization" the "results of the present study should be viewed as a pessimistic worst case."⁸³

In terms of lost economic activity resulting from CN abandonment, the consultants estimated that the "total of the impacts on the communities [of Capreol, Longlac, Hornepayne, and Sioux Lookout] was \$57 million annually."⁸⁴ Because of their smaller size and more remote locations, "danger to the survival of the communities along the CN line would also be greater."⁸⁵ While the prospect for continued rail service on the CP line is greater due to the presence of larger and more numerous local resource shippers, the potential economic impact of abandonment on the communities of Sudbury, Chapleau, Manitouwage, White River, Marathon, Terrace Bay, Schreiber, Thunder Bay, Dryden, Ignace, and Kenora was estimated at \$50 million annually. In addition, the direct annual social cost of the resulting

unemployment is estimated at \$22 million, involving more than 900 jobs, if the CN line were abandoned, and \$20 million, involving more than 800 jobs, if the CP line were abandoned. Rail line abandonment would also affect provincial and local municipal revenues, impose additional social assistance costs, and increase demands for improvement or extension to the provincial highway network. The study recommends that the Ontario government "take a comprehensive proactive role" in the future rail rationalization decision process.⁸⁶

This study also notes that portions of these lines could be operated by short line rail companies.⁸⁷ One prominent regional railway is the Algoma Central Railway, based in Sault Ste. Marie, Ontario. It was purchased by the American-owned Wisconsin Central Railway in January 1995, aided by an \$11.6 million combined grant and loan from the Northern Ontario Heritage Fund Corporation.⁸⁸ Wisconsin Central already owned the international Sault Ste. Marie Railway Bridge and "2,507 route miles of track and trackage rights" in Upper Michigan and Wisconsin, including connections to Chicago, Duluth-Superior, Milwaukee and Minneapolis-St. Paul.⁸⁹ The Algoma Central addition provides a feeder into Ontario which serves the communities of Franz, Oba, and Hearst, and provides connections to Canadian National and Canadian Pacific east-west lines in northern Ontario.⁹⁰

Indications are that traffic and revenues have increased on this line. The new owners want to "lure a variety of traffic coming from eastern and western Canada headed into the midwestern states, as well as business going the other way."⁹¹ Freight services, along with the Agawa Canyon tourist train and local passenger services, are being maintained. Forest product producers in the Algoma district anticipate that the new owners will provide improved rail service both in terms of quality and cost.⁹²

Marine Traffic on the Great Lakes

In 1993, 224 million tonnes of international marine cargo were handled at Canadian ports. Of this total, 69.7 million tonnes (31%) involved shipments to or from the United States and the remaining 155 million tonnes was overseas cargo.⁹³ Of total transborder marine cargo, 41.7 million tonnes were loaded for shipment to the United States and 28 million tonnes were unloaded from the United States. Great Lakes cargo loaded for shipment to U.S. Great Lakes ports amounted to 12.6 million tonnes, and cargo unloaded from U.S. Great Lakes ports amounted to 20.7 million tonnes. Canadian flag vessels in 1993 handled some 57% of the tonnage of marine cargo transported between Canada and the United States.⁹⁴ In 1993, however, American coal unloaded at Canadian Great Lakes ports reached an all time-low due to Ontario Hydro's reduced demand for coal for its thermal generating stations.

Marine traffic between Canada and the United States also constituted a significant portion of the traffic and tonnage carried on the St. Lawrence Seaway. Of a total of 3,550 vessel transits through this waterway in 1993, 1,269 (35%) involved transport between the two nations.⁹⁵ Of the total cargo carried in 1993 (40.98 million tonnes), 15.63 million tonnes (38%) involved shipments between the two nations and some 35% of the Seaway's revenue was earned from cargoes carried between the two countries.⁹⁶

Economic growth in Canada and the United States contributed to the 1994 shipping season being the Seaway's busiest since 1988.⁹⁷ Tonnages handled at the Ontario ports of Thunder Bay, Hamilton and Windsor increased substantially in 1994. Examples of cross-border shipments include the port of Sault Ste. Marie, which receives American iron ore, and Goderich, which ships salt to the United States. These activities provide port and marine industry employment, and related employment in the local steel mill and salt mine, respectively.

CROSS-BORDER TRAFFIC POLICY ISSUES

Not surprisingly, given the scale of cross-border traffic, governments have been deeply involved in analyzing its trends and implications, promoting its benefits and regulating the various modes of transportation involved.

Different Canadian-American Regulatory Standards for Commercial Vehicles

Since commercial transportation carriers engaging in international commerce in North America operate in a variety of states and provinces, the lack of standardization among these jurisdictions (or the imposition of new standards in one or more jurisdictions), may impose additional costs on operators and in turn increase costs for shippers. With the increase in continental trade, governments and the transportation industry are becoming more concerned about measures to facilitate and promote trade.

One recent effort towards standardization concerns truck and trailer lengths. Under Ontario's Bill 74 — *Highway Traffic Amendment Act (Dimensions and Weight, 1993)*, 25 metre length tractor-trailer combinations (including double trailer combinations behind a tractor up to 82 feet in length) and single trailers up to 16.2 metres (53 feet) in length were permitted to operate in Ontario.⁹⁸ These changes brought Ontario into conformity with most other provinces and states. It was anticipated they would increase efficiency and productivity for the trucking industry and benefit the Ontario economy by \$100 million.⁹⁹ There has been some opposition to longer trucks on Ontario highways due to concerns regarding public safety and deterioration of the province's highways.¹⁰⁰

Tax treatment in other jurisdictions is a further area of concern. In mid-December 1992, the Ontario Trucking Association launched a lawsuit opposing a New York State franchise tax applied to out-of-state trucking companies. The truckers sought an exemption from this tax and a refund of taxes already paid, but lost their judicial challenge.¹⁰¹

Canadian and American officials are also cooperating to expedite the flow of commercial traffic across the continent. Ontario, under the AVION project (Automated Vehicle Identification Ontario), is putting into place a two year pilot project to pre-clear commercial vehicles at inspection centres along the Highway 401 corridor from Windsor to Whitby.¹⁰² This effort also involves American participants in the "Advantage I-75" project which involves similar electronic pre-clearance of participating truckers along the Interstate 75 route from Florida northward to Michigan and into Ontario along Highway 401. A truck participating in this program should be able to stop at a scale in Florida and receive electronic pre-clearance so as not to have to stop for state or provincial inspections on its trip to Ontario. Information on weight, documents, origin and destination, and commodity carried would be recorded and forwarded electronically. Pre-qualified trucks with above average safety ratings will be equipped with electronic transponders to pre-clear and subsequently by-pass inspection stations. These procedures are designed to reduce travel time and award safe truckers a degree of competitive advantage.¹⁰³

Congestion and Capacity of Border Crossings

The quick and efficient passage of persons and cargoes at border crossings is in the interest of private individuals, commercial carriers and shippers and consumers in both countries. A 1992 study estimated that border crossing delays to passenger and commercial vehicles at bridges along the Niagara River "are costing the regional economy of the [Niagara] region as much as \$12 million annually."¹⁰⁴ Customs agencies of both countries have put in place inspection procedures to improve efficiency and minimize delays while still ensuring the appropriate enforcement of duties, regulations and immigration requirements.¹⁰⁵ Along the Niagara frontier improvements are also underway to the toll plaza areas on the Canadian sides of the Rainbow and Peace Bridges and planning work is underway to examine widening the Peace Bridge.¹⁰⁶

A consultant's study found that in 1990 "goods travelling over the Niagara River bridges amounted to \$17.6 billion for U.S. imports from Canada and \$14.7 billion for Canadian imports from the U.S."¹⁰⁷ It made short-term (through to the year 2000) recommendations for speeding up bridge traffic flows and longer-term proposals for widening the Peace Bridge to six lanes and rehabilitating or replacing the Whirlpool Rapids crossing.¹⁰⁸

Along the border with Michigan, a US\$42 million customs and immigration plaza reconstruction project on the Michigan side of the Blue Water Bridge will increase the number of inspection booths from 7 to 12.¹⁰⁹ Improvements have also been completed, or are underway or approved, on the Canadian side of this bridge to increase the number of toll facilities, construct 12 new customs booths, complete an additional 3 covered truck lanes including a new commercial facility, and complete a new \$2.5 million Customs and Immigration secondary inspection facility. These improvements are being financed by toll revenues levied by the Blue Water Bridge Authority.

Between 1980 and 1991, annual traffic on the Blue Water Bridge grew from 3.5 million vehicles to 6.1 million vehicles, a 74% increase.¹¹⁰ In 1993, a decision was made to twin the current bridge with a new span to the south. Design and environmental assessment work has been completed and approved, and the project has been tendered for a value of US\$80 million including approaches. Construction of the main span has begun and upon completion of the new bridge, the existing bridge will be refurbished at a cost of US\$12 million. These capital works are being financed by the Bridge Authority, based upon its toll revenues and do not involve government funding. When completed in late 1997, the two bridges will provide three lanes of traffic flow in each direction compared to the two lanes on the current bridge.¹¹¹

Cross-Border Shopping

From the late eighties until the early nineties, the volume of short-term cross-border shopping trips by Canadians and Ontarians to nearby American border points increased. In 1991, Canadians spent an estimated \$6 billion in the United States.¹¹² Canadian municipalities and retailers, particularly those in border communities, became concerned about the impact of these trends. Lower sales during the recession have also had an impact upon commercial tax bases and businesses. Cross-border shopping traffic has caused periods of congestion at border bridges along the Niagara and Detroit Rivers.

In recent years, however, there appears to have been a decline in cross-border shopping by Ontarians.¹¹³ This is largely due to the lower Canadian dollar, the narrowing gap between Canadian and American gasoline prices, and the reduction in taxes on tobacco products in Canada. On the other hand, the current low value of the Canadian dollar has promoted American visits to Canada, and in the first quarter of 1995 Americans spent a record \$1.7 billion in Canada.¹¹⁴

In 1994, same-day cross-border automobile trips by Canadian residents, used as an indicator of cross-border shopping, fell by almost 21% to 38.2 million compared to the year earlier. These trips had peaked in 1991 with 59.1 million of such short-duration trips.¹¹⁵ In February 1995, Canadian same-day car trips

to the United States totalled 2.83 million, the lowest level since March, 1988.¹¹⁶ This reduced cross-border shopping by Canadians reflected the decline of total motor vehicle traffic at the Ontario border crossings from 53.1 million vehicles in 1991/92 to 48.09 million vehicles in 1994.¹¹⁷

Sunday Shopping and Casinos

The situations in border communities have been key factors in the development of several major policy issues in the 1990s. Part of the pressure to relax Sunday shopping restrictions in Ontario came from initiatives in border communities to combat cross-border shopping to the United States where stores and malls were open Sundays. In addition, the first Ontario casino in Windsor has drawn a majority of its patrons from Michigan in the United States.

Mayors of border communities such as Sarnia, Windsor, Niagara Falls and Sault Ste. Marie had long campaigned for Sunday openings as a "necessary first step toward healing the ailing economies of all border communities."¹¹⁸ It was estimated by retail analyst John Winter that Sunday retailing would allow Ontario merchants to regain between \$300-\$400 million in sales they lose each year to American stores.¹¹⁹ On June 3, 1992, Premier Bob Rae announced that the government decided to relax the Sunday retail business opening restrictions of the Retail Business Holidays Act¹²⁰ and the legislation effecting this change was passed in 1993, coming into effect retroactively on June 3, 1992.

In October 1992, the Ontario government declared its intention to permit casino gambling.¹²¹ The first casino opened in Windsor in May 1994 and has been temporarily housed in the former Windsor Art Gallery, within ready access to the border crossings with Michigan. A permanent \$375 million casino and 300-room hotel complex is under construction in this city with completion scheduled for the spring of 1997.¹²² The promotion of tourism and the hospitality industries was identified by the government as one of the key objectives of this undertaking and the casino site is visible and easily accessible from Detroit.¹²³

After a year of operation Casino Windsor has received some 5.2 million visitors, with an average daily attendance of 17,301, and an estimated 77% of these patrons are from the United States.¹²⁴ Most American visitors are from Michigan, followed by visitors from Ohio.¹²⁵ Over a 76 day assessment period from May 17 to July 31 1994, it was estimated that there had been 590,000 new American visitors to Windsor and that the casino operation had led to an increase in border traffic to Windsor by 10 to 15%.¹²⁶ Between 1991/92 and 1994, inbound automobile traffic on the combined bridge and tunnel between Detroit and Windsor increased from 6.69 million to 7.07 million vehicles, despite the decline in cross-border shopping by Canadians. In addition,

inbound bus traffic at these two crossings increased from approximately 15,000 in 1991/92 to 20,600 in 1994.¹²⁷ Survey figures for June through September, 1994 indicate that major downtown hotels in Windsor had occupancy levels greater than 75% and were often full on weekends. In 1993, these hotels were operating at "approximately half capacity and some establishments were reported to be on the brink of bankruptcy."¹²⁸

The Ontario government's *Economic Statement* (November 1995) declared that "the experience gained in Windsor demonstrates that casino development can create jobs and provide a significant boost to a local community."¹²⁹ By May 1995 the municipal councils of Fort Erie, Niagara Falls, Sault Ste. Marie and Malden Township, in Essex County near Amherstburg, each held public meetings and passed resolutions supporting the operation of a casino in their communities as required by the *Ontario Casino Corporations Act*.¹³⁰ These resolutions have been received by the Ontario Casino Corporation and the Ministry of Economic Development and Trade.

It has been estimated that a casino operation in Niagara Falls could draw between 5 and 8 million visitors a year depending upon the size of the casino and possible competition from other Canadian and American casino facilities.¹³¹ The Economic Statement (November 1995) also indicated that, following a favourable local referendum on the casino question, a casino will be permitted in Niagara Falls. It is anticipated that this development will generate \$375 million annually in provincial revenues.¹³²

Promoting Tourism

In recognition of the strong tourism attraction of Niagara Falls, the Ministry of Economic Development, Trade and Tourism is involved in planning work for a Niagara Gateway year-round tourism facility in the Murray Hill area of Niagara Falls. The Ministry has issued a "request for proposal" to four private sector consortia to develop this 20 acre site. Subject to the Ontario government reaffirming its support for this project, the successful bidder/operator would develop a "tourist attractor" to tap and extend the stay of the some 10 million visitors who visit Niagara annually.¹³³ Many of these visitors are from the United States and it has been estimated that if the average length of stay of these visitors is extended by half a day this would generate an additional \$218 million in revenues.¹³⁴

CONCLUSION

This paper has highlighted the incredible volume of traffic between Ontario and the United States. This cross-border traffic is a reflection of the strong trade, tourism, and social links between these neighbours. Each of the transportation modes – motor vehicles, air, rail, and marine – play a role in maintaining these north-south linkages.

Analysis of transportation ties has shown how they are affected by a variety of regulatory, economic, and commercial policies and actions on both sides of the border. At the same time, the policy issues discussed show how transportation patterns, potential and infrastructure can be important considerations in many areas of public policy development.

NOTES

¹ The figure "48.08 million" was obtained by doubling the Ontario inbound 1994 figures for these fixed crossings which appear in Table 2 and were obtained from Transport Canada. The daily traffic figure was computed by dividing this total yearly two-way traffic figure by 365.

² "Ontario grows faster than nation," *Toronto Star*, 16 May 1995.

³ Canada, Statistics Canada, *Canadian Economic Observer, Statistical Summary*, Catalogue 11-010, (Ottawa: Supply and Services Canada, April 1995, Table 18.

⁴ United States, Department of Commerce, Bureau of the Census, *Statistical Abstract of the United States, 1994* 114th ed. (Washington, D.C.: The Department, September 1994), Table No. 1329, pp. 823-26.

⁵ These figures were obtained from the Trade Policy Branch, Ministry of Economic Development and Trade (Contact: John Cotsomititis, Policy Advisor at 325-6946). These figures represent Ontario's international merchandise trade and do not include services.

⁶ Ibid.

⁷ Canada, Statistics Canada, *Touriscope, International Travel*, Cat. no. 66-001 (Ottawa: Minister of Industry, Science and Technology, October-December 1994), Table 2B, pp. 4 - 5.

⁸ Canada, Statistics Canada, *Travel-log*, Winter 1995, Catalogue 87-003, p. 2.

⁹ Canada, Statistics Canada, *Touriscope, International Travel, Travel between Canada and other countries 1993*, Cat. no. 66-201 (Ottawa: Minister of Industry, Science and Technology), Table 14, p. 15.

¹⁰ Lise Beaulieu-Caron, "Business Trips from the United States," *Travel-log*, Spring 1995, pp. 1 and 2.

¹¹ *Statistical Abstract of the United States, 1994*, Table No. 421, p. 265.

¹² *Travel between Canada and other countries 1993*, p. xvii.

¹³ Telephone interview with Gordon Coogan, Highway Policy and Program Branch, Transport Canada, Ottawa, 24 April 1995 at (613) 998-1904.

- ¹⁴. Ontario, Ministry of Transportation, *Transfocus 2021: A Strategic Transportation Plan for the Niagara-Lake Erie Area* (Toronto: The Ministry, April 1995), p. 13.
- ¹⁵. Telephone interview with Ric Smith, Senior Policy Advisor, Passenger Modal Policy Office, Ministry of Transportation, Toronto, 16 May 1995 at (416) 235-4040. During the winter season (November–March) Pelee Island is served by an air service from the mainland.
- ¹⁶. Deloitte & Touche, Management Consultants, *The Competitiveness of the Ontario Transborder Trucking Industry Final Report* (Toronto: Ministry of Transportation, September 1991), p. 4.
- ¹⁷. Ontario Trucking Association, *Submission to the 1995 Ontario Pre-Budget Consultations*, Winter 1995, p. 8.
- ¹⁸. Deloitte & Touche, *Competitiveness of the Ontario Trucking Industry*.
- ¹⁹. Telephone interview with David Bradley, President, Ontario Trucking Association, Rexdale, Ontario, December 1992 at (416) 249-7401.
- ²⁰. Oliver Bertin, "Canadian trucking turning around after blood bath," *Globe and Mail*, 26 November 1994.
- ²¹. Ron DeRuyter, "Truckers signal turnaround is under way," *Kitchener Waterloo Record*, 17 March 1994; and "Navistar to hire 300 as truck sales surge," *Toronto Star*, 2 February 1994.
- ²². Bertin, "Canadian trucking turning around."
- ²³. Bertin, "Canadian trucking." The current state of the trucking industry was also discussed with Michael Burke, Assistant Manager - Government Relations, Ontario Trucking Association, Toronto, 27 May 1995 at 249-7401.
- ²⁴. Telephone interview with Brian Crow, President, Ontario Motor Coach Association, Toronto, 23 May 1995 at (416) 488-8855. He provided the updated information.
- ²⁵. Telephone interview with Mr. Crow.
- ²⁶. Ministry of Transportation, "Remarks by Frank D'Onofrio, Associate Director Ministry of Transportation to Ontario Motor Coach Association Operator's Meeting," 21 September 1995.

27. Ontario, Ministry of Transportation, "Transportation Minister announces interim measures for intercity bus deregulation", *New Release*, 4 April 1996.
28. Telephone interview with staff at the Ontario Motor Coach Association.
29. Ontario, Ministry of Transportation, *Transfocus 2021*.
30. Canada, Statistics Canada, *Air carrier traffic at Canadian airports*, October-December 1993, Catalogue no. 51-005, p. 7.
31. These traffic patterns were discussed with Brian Carr, Director, International Air Policy, Air Policy and Programs, Transport Canada, Ottawa, 20 April 1995 at (613) 993-1718.
32. Canada, Statistics Canada, *Air Passenger Origin and Destination, Canada-United States Report 1993*, Cat. no. 51-205 (Ottawa: Minister of Industry, Science and Technology, February 1995), p. v.
33. Canada, Statistics Canada, *Aviation in Canada: Historical and Statistical Perspectives on Civil Aviation* (Ottawa: Minister of Industry, Science and Technology, 1993), p. 67.
34. Statistics Canada, *Air carrier traffic at Canadian airports*, Table 1.2, p. 13.
35. Murray Campbell, "Subdivision plan angers airport interests," *Globe and Mail*, 24 April 1995; and Bruce Campion-Smith, "Pearson touted as 'gateway' to continent," *Toronto Star*, 14 February 1995.
36. Rob Andrus, "He's looking for customers in Rochester," *Toronto Star*, 11 June 1995.
37. Statistics Canada, *Air carrier traffic at Canadian airports*.
38. Transport Canada, "Transport Minister Signs Canada-U.S. Bilateral Air Agreement," *News Release*, 24 February 1995; and Transport Canada, *Air Transport Agreement Between The Government of Canada and the Government of the United States of America*, Final Version (February 1995).
39. Bill Gladstone, "Travel Talk," *Canadian Jewish News*, 25 May 1995.
40. Transport Canada, "Transport Minister Signs Agreement," p. 2.

41. Oliver Bertin, "Air Canada to expand routes," *Globe and Mail*, 11 February 1995; and Brian Milner, "Air Canada coiled for open skies," *Globe and Mail*, 27 January 1995.
42. "Air Canada adds to U.S. flights," *Globe and Mail*, 28 June 1995.
43. Mark Hallman, "Canadian deal with American will add 50 flights daily," *Financial Post*, 4 April 1995.
44. Oliver Bertin, "Ottawa gives airlines long-awaited plums," *Globe and Mail*, 11 March 1995.
45. Bertin, "Ottawa gives airlines,"; and "U.S. airlines to expand Canadian routes," *Globe and Mail*, 28 February 1995.
46. Randy Boswell, "Ottawa gets air service with Chicago and Detroit," *Ottawa Citizen*, 28 February 1995; and Mark McNeil, "Open skies over Hamilton," *Hamilton Spectator*, 1 April 1995.
47. Transport Canada, *National Airports Policy*, July 1994. These developments respecting airport management and improvements in Ontario were also discussed with Steve Shaw, Director of Strategic Planning, Greater Toronto Airports Group, 7 June 1995 at (905) 676-3344.
48. Bruce Campion-Smith, "Ottawa bucks big spending on Pearson," *Toronto Star*, 14 October 1995.
49. Telephone interview with and faxed information from Mr. Shaw.
50. David Israelson, "Toronto 'falling behind' with airport," *Toronto Star*, 18 August 1995.
51. Gladstone, "Travel Talk."
52. The number of crossings was confirmed during discussions with Jim Speirs, Vice President, Railway Association of Canada, Montreal, 16 May 1995 at (514) 879-8555, and through discussions with Tom Goodale, Manager, Provincial Planning Office, Ministry of Transportation, 30 May 1995 at 235-4375. The *Canadian Railway Atlas* (1990) prepared by the Railway Association of Canada was also consulted.
53. Canada, Statistics Canada, *Rail in Canada 1993*, Catalogue no. 52-216 (Ottawa: Minister of Industry, Science and Technology, December 1994), Table 6.2 and pp. 98-99.
54. Statistics Canada, *Rail in Canada 1993*, Table 6.2.

- ⁵⁵. National Transportation Agency, *Annual Review 1993*, pp. 157-158.
- ⁵⁶. Ibid., pp. 108, 111, 147 and 157.
- ⁵⁷. Ibid., p. i.
- ⁵⁸. Tom Button, "Railway proposal strands 30 elevators," *Farm and Country*, 28 March 1995, p. 28.
- ⁵⁹. Ibid., p. 9.
- ⁶⁰. Telephone interview with John Udell, Project Manager, Strategic Planning, Via Rail Canada, Montreal at (514) 871-6203.
- ⁶¹. Canadian National, *Annual Report 1991*, p. 14.
- ⁶². Canadian National, *Annual Report 1994*, p. 49.
- ⁶³. Canadian Pacific Ltd., *1994 Annual Report*, pp. 6 and 54.
- ⁶⁴. These figures were obtained from Paul Thurston, Manager-Public Affairs, CP Rail, Toronto, 16 May 1995 at 863-8195.
- ⁶⁵. CN, *Annual Report 1991*, p. 14; and Canadian Pacific Ltd., *1994 Annual Report*, p. 15.
- ⁶⁶. Canadian National, *Annual Report 1993*, p. 3.
- ⁶⁷. CN, *Annual Report 1994*, p. 25; CP Rail System and CN North America, *Canada's Railway Industry - Moving in New Directions*, 1994, p. 9; and CP Rail System, "The Railway in Profile."
- ⁶⁸. Ontario, Ministry of Transportation, David Hackston, Richard Lake and John Heads, *Southern Ontario - Rural Rail Rationalization* (prepared for Ontario Ministry of Transportation and Ontario Ministry of Agriculture, Food and Rural Affairs by the Research and Traffic Group, March 15, 1995), p. 79.
- ⁶⁹. Ibid., p. 80.
- ⁷⁰. Ibid., p. 79.
- ⁷¹. Rob Andrus, "'Mole' cuts tunnel to U.S.," *Toronto Star*, 9 December 1994.
- ⁷². "First CN train travels new St. Clair Tunnel," *News*, CN North America, 5 April 1995; and Jim Rossiter, "Tunnel of hope: Sarnia's

double-stack link could soon make Halifax the eastern port of choice, " *The Daily News*, 27 December 1994.

^{73.} Canadian Pacific, "Tunnel Development," *News Release*, 7 June 1994.

^{74.} Canadian Pacific, "Bottleneck Removed at Key Rail Gateway," *News Release*, 7 June 1994.

^{75.} Ontario, Ministry of Transportation, *Southern Ontario - Rural Rail Rationalization*, p. ii.

^{76.} "CN goes for grabs at \$2.2 billion," *Globe and Mail*, 17 November 1995; and David Israelson, "Alberta Bound," *Toronto Star*, 21 November 1995.

^{77.} Ann Gibbon and Alan Freeman, "Who's running CN?" *Globe and Mail*, 20 November 1995.

^{78.} David Israelson, "CN expands engine shop in Toronto," *Toronto Star*, 23 January 1996.

^{79.} David Israelson, "Can we still afford the National Dream?" *Toronto Star*, 1 October 1994.

^{80.} Rosemary Speirs, "Why MPs let CN privatization bill roll through the House of Commons," *Toronto Star*, 24 June 1995.

^{81.} Ontario, Ministry of Northern Development and Mines, *Canadian National and Canadian Pacific Rail Rationalization in Northern Ontario: Community Impact Study* (report submitted to the Ontario Ministry of Northern Development and Mines by the Research and Traffic Group, Suthey, Holler & Associates, July 15, 1994).

^{82.} *Ibid.*, pp. iv and 3.

^{83.} *Ibid.*, p. xvii.

^{84.} *Ibid.*, p. xi. For complete details on community impacts the study itself should be consulted.

^{85.} *Ibid.*, p. xvi.

^{86.} *Ibid.*, p. xviii.

^{87.} For a more exhaustive discussion of short line railways see Jerry Richmond, *Short Line Railways*, Current Issue Paper No. 164 (Toronto: Legislative Research Service, September 1995).

- ⁸⁸. Lynne Oliver, "ACR deal worth \$11.6m," *Sault Star*, 29 July 1994.
- ⁸⁹. Wisconsin Central Transportation Corporation, *1993 Annual Report*, pp. 4-5.
- ⁹⁰. *Ibid.*, pp. 6-7.
- ⁹¹. Steve Pattison, "Selling a Canadian Legend," *HighGrader Magazine* 1:2 (March/April 1995): 7.
- ⁹². *Ibid.*
- ⁹³. Canada, Statistics Canada, *Shipping in Canada 1993*, Cat. no. 54-205 (Ottawa: Minister of Industry, Science and Technology, November 1994), Table H1, p. 35.
- ⁹⁴. *Ibid.*, pp. 31 and 41.
- ⁹⁵. St. Lawrence Seaway Authority and the Saint Lawrence Seaway Development Corporation, *The St. Lawrence Seaway Traffic Report-1993 Navigation Season*, Traffic by Origin and Destination 1993, p. 14.
- ⁹⁶. *Ibid.*
- ⁹⁷. "A season to remember," *Seaway Review* 23:3 (January-March 1995): 5.
- ⁹⁸. Ontario, Ministry of Transportation, *Speech for Transportation Minister Mike Farnan at the Ontario Trucking Association Annual Conference* (Toronto: The Ministry, 24 November 1994), p. 3.
- ⁹⁹. *Ibid.*
- ¹⁰⁰. Lisa Gervais, "Longer trucks concern auto association," *Sudbury Star*, 17 July 1993; and Greg Gormick, "Trade deals fuelled truck crisis," *Toronto Star*, 21 April 1995.
- ¹⁰¹. Dana Flavelle, "Ontario truckers launch lawsuit against 'unfair' New York state tax," *Toronto Star*, 15 December 1992; and "Judgement in New York State Franchise Tax challenge goes against OTA - appeal process possible," *Update*, 5 February 1996, p. 4.
- ¹⁰². "Ontario launches AVION system," *Update*, 11 December 1995, p. 3.
- ¹⁰³. Ontario, Ministry of Transportation, *Briefing Note, AVION Automated Vehicle Identification Ontario Update*, 26 May 1995.

Trucks, however, would still be subject to customs procedures at border crossings.

^{104.} Parsons, Brinckerhoff, Quade and Douglas Inc. and McCormick Rankin, *U.S.-Canada Niagara River International Bridge Study: Draft Final Report* (Toronto: Ministry of Transportation, June 1992), p. B-1.

^{105.} Ibid, pp. A-6 and A-7; Canada, Revenue Canada, Customs and Excise, "Jelinek Starts Express Clearance for Travellers at Niagara Falls and Fort Erie Border Crossings", *Communiqué*, 3 July 1990; and United States, Department of Justice, Immigration and Naturalization Service, *News Release*, 1 May 1991.

^{106.} Telephone interview with Doug Wale, Senior Planner, Provincial Planning Office, Ministry of Transportation, 26 May 1995 at 235-4122.

^{107.} Parsons, *Niagara River Bridge Study*, p. B-1. This study also examined traffic on the two railway bridges across the Niagara River and on the Whirlpool Rapids Bridge, which has a lower roadway and an upper railway deck. Though larger than figures limited to roadway links, these trade figures give an indication of the commercial importance of these bridges.

^{108.} Ibid, pp. B-2 to B-5, C-1, and C-2.

^{109.} Michigan, Department of Transportation and Ontario, Ministry of Transportation, *Report of the Blue Water Bridge Task Force (Second Draft)* (December 1992), pp. 4-5, 20.

Information on improvements at the Blue Water Bridge was obtained during an extensive telephone interview with Ken Jarvela, Chief Operating Officer, Blue Water Bridge Authority, Sarnia, 6 June 1995 at (519) 336-2720.

^{110.} Michigan, Department of Transportation, *Report of the Blue Water Bridge Task Force*, pp. 13, 29-30.

^{111.} Mr. Jarvela, Blue Water Bridge Authority.

^{112.} Stephanie Innes and Danielle Bochove, "Cross-border shopping is over for now," *Globe and Mail*, 14 December 1992, p. A15.

^{113.} Ibid.

- ¹¹⁴. "U.S. visitors spend record \$1.7 billion," *Globe and Mail*, 1 June 1995.
- ¹¹⁵. Statistics Canada, *Travel-log*, Spring 1995, p. 9.
- ¹¹⁶. "Tourism hits monthly record," *Globe and Mail*, 19 April 1995.
- ¹¹⁷. Figures obtained from Highway Policy and Program Branch, Transport Canada, Ottawa.
- ¹¹⁸. Lee-Anne Goodman, "Ontarians still expected to favour U.S. stores," *Vancouver Sun*, 5 June 1992.
- ¹¹⁹. James MacGowan and Nicholas Ionodes, "Retail doors open but buyers scarce," *Globe and Mail*, 8 June 1992.
- ¹²⁰. Ontario, Legislative Assembly, *Hansard: Official Report of Debates*, 35th Parliament, 2nd Session (3 June 1992): 1044.
- ¹²¹. Ontario, Legislative Assembly, *Hansard: Official Report of Debates*, 35th Parliament, 2nd Session (6 October 1992): 2455.
- ¹²². "Windsor casino deal gets approval," *Financial Post*, 20 April 1995. Extensive current information on casino operations and plans in Ontario was obtained from Susan Ramondt, Policy Development Officer, Ontario Casino Corporation, Toronto, June 1995 at 326-0261.
- ¹²³. Ministry of Consumer and Commercial Relations, *Windsor Casino Complex, Background Material on the Selection Process*, 2 December 1993, p. 1; and *Windsor Casino Site, Fact Sheet, Ontario Casino Project*, March 1993.
- ¹²⁴. Ontario Casino Corporation, *Assessment Of Casino Windsor: Final Report* (Toronto: Ernst & Young, November 1994), p. 3-5; and Ontario Casino Corporation, "Operating Performance of Casino Windsor - April 1995," *News Release*, 10 May 1995.
- ¹²⁵. Information provided by the Ontario Casino Corporation, "Demographic Survey" data for Casino Windsor for January, September, and December 1994, and January 1995.
- ¹²⁶. Ontario Casino Corporation, *Assessment Of Casino Windsor*, p. 4-1.
- ¹²⁷. Based upon 1991/92 and 1994 inbound traffic figures obtained from Transport Canada.
- ¹²⁸. Ontario Casino Corporation, *Assessment of Casino Windsor*, p. 3-8.

^{129.} Ontario, Ministry of Finance, *1995 Fiscal and Economic Statement* (Toronto: The Ministry, November 1995), p. 24.

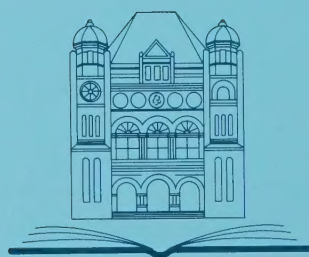
^{130.} Information on and copies of these border community casino resolutions was received on May 24, 1995 from Susan Ramondt, Policy Development Officer, Ontario Casino Corporation at 326-0261.

^{131.} Anne Marie Owens, "Report boosts Falls casino," *St. Catharines Standard*, 1 April 1995.

^{132.} *Economic Statement*, pp. 24-25. It should be remembered that whatever the developments in this province, future policies of American border states or municipalities on casinos in their jurisdictions could also affect long-term American patronage of casinos in Ontario border municipalities.

^{133.} Telephone interview with Roberta Velez, Executive Director, Niagara Gateway Project, Ministry of Economic Development, Trade and Tourism, 22 September 1995 at 325-6199.

^{134.} Figures obtained from Niagara Gateway Project office, Ministry of Economic Development, Trade and Tourism.





3 1761 11550065 4

